

Message Text

PAGE 01 STATE 303084

41

ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

DRAFTED BY:E:4.09-5

-0049;3\$?6:E:CWROBINSON

L:GALDRICH

S/S-JPMOFFAT

DESIRED DISTRIBUTION

S, S/S AND E ONLY

----- 060256

P 242318Z DEC 76 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

S E C R E T STATE 303084

NODIS

E.O. 11652: GDS

TAGS: IR,ENRG

SUBJECT: BILATERAL OIL AGREEMENT

FOR AMBASSADOR ONLY FROM UNDER SECRETARY ROBINSON.

1. PLEASE ADVISE ANSARY THAT WHILE SOME ASPECTS OF THE AGREEMENT WE DISCUSSED IN LONDON HAVE NOT YET BEEN RESOLVED WITHIN USG, THERE IS, UNFORTUNATELY, UNANIMITY AMONG USG LAWYERS ON ONE KEY ASPECT OF PLAN. THAT IS THAT REGULAR PROCUREMENT AUTHORITY OF DEFENSE DEPARTMENT CANNOT REPEAT NOT BE USED AS LEGAL BASIS OF PROPOSED AGREEMENT. SENIOR USG LAWYERS WHO HAD NOT BEEN CONSULTED BEFORE LONDON MEETING HAVE CONCLUDED THAT DEFENSE DEPARTMENT PROCUREMENT AUTHORITY IS LIMITED TO PURCHASE OF GOODS FOR PURPOSE OF SUPPLYING ARMED FORCES, NOT WITH INTENTION OF RESALE ON CONTINUOUS AND LARGE-SCALE BASIS. OUR PLAN UNAVOIDABLY ENTAILS SALE OF IRANIAN OIL CONTRACTS TO U.S. REFINERS FOR
SECRET

PAGE 02 STATE 303084

CASH. CONSEQUENTLY, LEGAL BASIS FOR UNITED STATES' ENTERING INTO THE PROPOSED AGREEMENT MUST BE EITHER THE DEFENSE PRODUCTION ACT (THE PREFERRED VEHICLE) OR THE NEWLY ENACTED ENERGY ACT. BOTH EXPRESSLY REQUIRE CONGRESSIONAL ENACTMENT OF APPROPRIATION TO FUND PURCHASE/SALE PROGRAM. WE BELIEVE

WE COULD PUT APPROPRIATION IN FORM OF REVOLVING FUND

AUTHORIZATION NOT INVOLVING LARGE SUMS OF MONEY OR LOSS-
RESERVE ISSUES, BUT IT WOULD REQUIRE PRESENTATION TO AND
ACTION BY BOTH HOUSES OF CONGRESS AND THEREFORE COULD NOT
BE COMPLETED BEFORE END OF FEBRUARY, POSSIBLY LATER.

2. PLEASE CONVEY TO MINISTER OUR DEEP REGRET THAT OUR
EARLIER ADVICE, REFLECTED IN LONDON DISCUSSION, OFFERED
PROMISE OF INITIATING PROGRAM WITHOUT DELAY OR
CONGRESSIONAL DEBATE. IT WAS ONLY AFTER LONDON MEETING
THAT PARTICIPATION IN PLANNING WAS BROADENED TO INCLUDE
DEFENSE DEPARTMENT LEGAL SPECIALISTS.

3. WE CONTINUE TO PURSUE RESOLUTION OF REMAINING ISSUES
WITHIN USG, LOOKING TO EARLY TRANSMISSION OF FIRM
PROPOSAL AND NEGOTIATIONS TOWARD AGREEMENT DATED IN
JANUARY 1976. MEANWHILE WE WOULD APPRECIATE MINISTER
ANSARY'S COMMENT AS TO WHETHER PROPOSAL INCLUDING
APPROPRIATION FEATURE OUTLINED ABOVE IS FEASIBLE FROM
THE VIEWPOINT OF THE GOVERNMENT OF IRAN. KISSINGER

SECRET

<< END OF DOCUMENT >>

Message Attributes

Automatic DecapTIONing: Z
Capture Date: 16 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 DEC 1976
DecapTION Date: 28 MAY 2004
DecapTION Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE303084
Document Source: ADS
Document Unique ID: 00
Drafter:
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761293/baaaeqzi.tel
Line Count: 78
Locator: TEXT ON-LINE
Office: n/a
Original Classification: SECRET
Original Handling Restrictions: ONLY NODIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: ONLY NODIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by BoyleJA>; APPROVED <15 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: LOCK1
Status: NATIVE
Subject: BILATERAL OIL AGREEMENT
TAGS: ENRG, IR
To: TEHRAN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006